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Washington, D.C. 20549

OMMISSION

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

Washington, D.C.
106

FEB 29 2008

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FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DKR Capital Securities Corp.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

1281 East Main Street

(No. and Street)

Stamford

CT

06902

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Scott Clark

(203) 324-8445

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers, LLP

(Name -- if individual, state last, first, middle name)

300 Madison Avenue

New York

NY

10017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

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THOMSON
FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

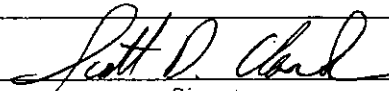
SEC 1410 (06-02)

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OATH OR AFFIRMATION

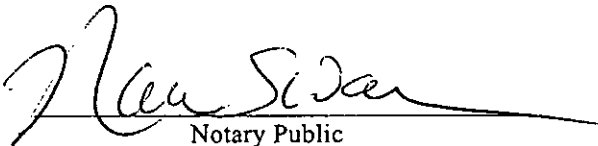
I, Scott Clark, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DKR Capital Securities Corp., as of December 31,, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

Chief Financial Officer

Title



Notary Public

NAN SWAN
Notary Public
Connecticut

My Commission Expires 9-30-2012

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flows
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

Report of Independent Auditors on Internal Control Required
By SEC Rule 17a-5(g)(1)

SEC Mail
Mail Processing
Section

To the Board of Directors and Shareholder of
DKR Capital Securities Corp.:

FEB 14 2008

Washington, DC
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In planning and performing our audit of the financial statements of DKR Capital Securities Corp. (the "Company") as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

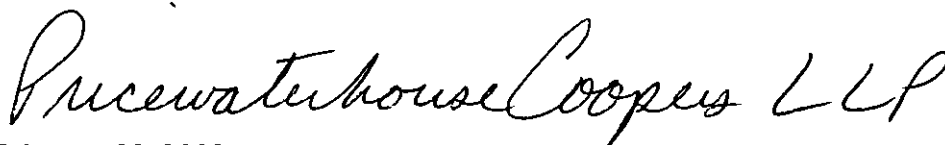
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2007 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

February 28, 2008

SEC Mail
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DKR Capital Securities Corp.

Statement of Financial Condition
December 31, 2007

Report of Independent Auditors

To the Board of Directors and Shareholder of
DKR Capital Securities Corp.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of DKR Capital Securities Corp. (the "Company") at December 31, 2007 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

February 28, 2008

DKR Capital Securities Corp.
Statement of Financial Condition
December 31, 2007

Assets

Cash	\$	197,129
Prepaid expenses		26,371
Due from affiliate		54,040
Receivable from FINRA		35,000
Other assets		1,867
Total assets	\$	314,407

Liabilities and Shareholder's Equity

Liabilities	\$	-
Common stock, \$0.01 par value, 100 shares authorized, issued and outstanding		1
Additional paid in capital		34,999
Retained earnings		279,407
Total shareholder's equity		314,407
Total liabilities and shareholder's equity	\$	314,407

The accompanying notes are an integral part of this statement of financial condition.

DKR Capital Securities Corp.
Notes to Statement of Financial Condition
December 31, 2007

1. Organization

Description of Business

DKR Capital Securities Corp. (the "Company") is a registered broker and dealer and a member of the Financial Industry Regulatory Authority (FINRA), and was incorporated in the State of Delaware on July 8, 2002. The Company is a wholly owned subsidiary of DKR Capital Inc. (the "Parent"). The Company was established to engage in brokerage activity in connection with the sale of securities to customers for which the Parent provides investment management services.

2. Summary of Significant Accounting Policies

Basis of Preparation

The Company's financial records are maintained on the accrual basis of accounting and are in accordance with accounting principles generally accepted in the United States of America.

Revenue

The Company earns a monthly fee from an affiliate of the Parent (the "Affiliate") in exchange for the services it provides as an introducing agent for the Affiliate and the private investment vehicles managed by the Affiliate. Such fees are calculated as cost plus 10 percent.

Use of Estimates

The preparation of the statement of financial condition in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the statement of financial condition. Actual results could differ from the estimates included in the statement of financial condition.

Income Taxes

The Company has elected to be treated as a Subchapter S corporation for federal and state income tax purposes. Therefore there are no direct tax obligations of the Company for federal and state income tax purposes.

3. Related Party Transactions

All of the Company's placement fee income is derived from the Affiliate, as described in Note 2. As such, absent the Company's transactions with the Affiliate, the Company's financial condition and results of operations as of and for the year ended December 31, 2007 could have been significantly different than that reflected in the accompanying statement of financial condition. Additionally, the Company pays to the Affiliate certain amounts in respect of compensation, travel and entertainment, professional fees and overhead costs incurred by the Affiliate and which are either directly or indirectly related to the Company's operations. These indirect amounts are calculated based upon the number of persons performing services for the Company, the amount of time each person spends on the business of the Company in relation to other functions that they may perform or on such other basis as may be determined from time to time and agreed to by the Company and Affiliate. These transactions with the Affiliate may result in payables and receivables between the Company and the Affiliate.

DKR Capital Securities Corp.
Notes to Statement of Financial Condition
December 31, 2007

The Parent has issued a letter of support to the Company which undertakes the Parent to provide such additional capital as may from time to time be required in order to meet both regulatory and/or business requirements.

4. Off-Balance Sheet Risk

FASB Interpretation No. 45, ("FIN 45"), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* requires the disclosure of representations and warranties which the Company enters into which may provide general indemnifications to others. The Company, in its normal course of business, may enter into other legal contracts that contain a variety of these representations and warranties which provide general indemnifications. The Company's maximum exposure under these arrangements is unknown as this would involve future claims that may be against the Company that have not yet occurred. However, based on its experience, the Company expects the risk of loss to be remote.

5. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission's (SEC) Uniform Net Capital Rule 15c3-1 (the "Rule") which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The Company is required to maintain net capital in accordance with the greater of \$5,000 or 6 2/3% of aggregate indebtedness, as defined. At December 31, 2007 the Company had net capital of \$197,129 which was \$192,129 in excess of its required capital of \$5,000.